

## **MVAC MINUTES – FEBRUARY 9, 2005**

The meeting was held February 9, 2005 at the Division of Wildlife. Larry Wegrzyn started the meeting at 9:04 am. The January 2005 meeting was not held due to inclement weather.

In attendance: Dave Monson – DOC, Michael Stadler – DOHE UNC, Barbara Taylor – DOHE UNC, Julia Rodriguez – DOH, Cindy Hamby – DOR Hearings, Bruce Burgess – DOHE Auraria, Patti Hughes – DOHE CU Boulder, Linda Sumrall – DOR Lottery, Ronni Hunter – DOR Gaming, Bryan Flansburg – DOHE CU Boulder, Dave Russell – DOW, Beth Ann Wieder – CDOT, Patti Torres – DOLE, Fred Trujillo – DOL, Karen Neuschwanger – CDOT, Kyle Shelton – CSP, Mercedes Schwall – DONR Parks, Barbara Garcia – DOHE Metro, representing Fleet – Larry Wegrzyn, Sonny Otero and Terry Sisneros.

### **Updates**

- Vehicle Use – Risk Managements opinion was to let contractors drive State vehicles based on insurance riders. They subsequently withdrew that opinion. They feel contractors are not covered liability wise. SFM agrees only public employees and authorized volunteers should be allowed to drive State vehicles but that there may be cases in which exceptions – if made – would benefit the state. SFM and DOC will be meeting with Risk Management the week of February 14, 2005 (meeting postponed until March 23) to determine if there is any flexibility in this policy. Bryan Flansburg and Kyle Shelton would like to attend the meeting.
- Budgets – JBC is going through the figure setting process. SFM will be submitting numbers to them. SFM needs to know of any additional vehicles ASAP. Each year, SFM needs to have these numbers in for the budget lease line allocation prior to November for the supplemental. SFM is in the final stage for COP negotiations, it looks like the rate will be between 3 – 3.25%. SFM will know the rate the week of February 14, 2005. SFM is putting in for a fuel and maintenance supplemental. Dave Monson asked, “When will we know the FY06 replacement numbers?” SFM submitted the original list using the same thresholds as FY05 and proposed 1048 vehicles. This was considered too large a number so SFM pushed the criteria thresholds and proposed a list with 825 vehicles and no distinction between general and non-general fund. SFM stressed that general funded agencies have been hit hard with no replacements for the last several years. JBC decision is pending.
- Staff Changes – Daniel Munos has resigned from the downtown Motor Pool. Elie Madiros will be taking Daniels place as a temporary with hopes to become permanent. Shelly Thornburg will be the new Front Desk person at Fleet.

Fleet will be trying to bring more disposal functions in-house. SFM will use CCI for higher quality vehicle disposal. More of the inferior vehicle disposal will be in-house. SFM is well set up to do this.

Sonny Otero will be taking over as Manager of the Call Center pending approval of his reallocation.

- Audit – the audit has been finalized. There were two articles in the Rocky Mountain News. The second article had DPA responses to the first. Fleet and DPA feel that many of the audit findings were made without proper context and we were disappointed with the audits results and tone. Prior to the audit, SFM knew about problems in the commuting program

and we're in the process of revising the rules for commuting from the most current revision to meet IRS guidelines, IRS Pub 15B taxable vs. non-taxable fringe benefits. SFM will send a link to this publication. Fleet also agreed that some payment controls could be tightened up, however, we did not feel that the problems were as significant as the OSA's characterization. SFM received several letters of support from MVAC members. SFM will approach the next audit as openly as this one, with no preconceived notions. The audit is posted on the State Auditors web site.

The auditors wanted SFM to fine an agency if they did not comply with rules such as reporting odometer reading correctly. SFM disagrees with this recommendation. We agreed that we can be more pro-active in monitoring and reporting potential problems to agencies but we have limitations with existing IT and Human resources. SFM will be called back in three months by the legislators to report on progress on the commuting and physical inventory issues.

SFM needs to validate physical inventory. SFM will do an exception report to track inventory. This process is not in place yet. The variable that can pull information will be, odometer reports, fuel purchases and maintenance. SFM will be able to look at these variables and determine if a vehicle has reported mileage, made fuel purchases or had any maintenance performed in a particular time frame. SFM will then send a report asking the agency why the vehicle had nothing to report. This is a more cost-effective and logical approach than having SFM or agency employees verify physical inventory manually.

The current Commuting Authorization form only has a portion of the qualified non-personal use requirements on it. The IRS publication states a person has to be required to commute. SFM is adjusting the rules to say this. Executive Directors may have to sign every commuting form per Statute. It is unclear if the EDO can delegate this to someone else. This will be addressed in the new rules.

SFM will redesign the Commuting Authorization form and the CARS Commuting Module with access provided to vehicle coordinators as a management tool. The existing form and module identified the vehicle used for commuting, but since it's the driver that is authorized to commute, we should only need to identify the status of that person. The form will have no reference to a vehicle, driver's license number or personal address. It will ask for the miles commuted not an address. There is also a problem with the "vehicle as the office" rule. The rules currently state if the vehicle is the office the driver will not be taxable commuter. IRS does not recognize this as legitimate. A suggestion was made to put a special category on the form for an explanation if possible. SFM needs input on the special circumstances that may occur in the commuting program.

- Depreciation – (handout) regarding adding an additional year to vehicle terms. By not replacing vehicles on a regular basis the average age of a vehicle has increased. SFM set the depreciation by the term being met and then the vehicle was to be replaced. By not replacing vehicles they are kept in service past the term being paid. SFM was audited by the Feds and was over-collecting. If the vehicle is staying in service longer SFM needs to take less depreciation per year over a longer time frame.

The use of a tool (vehicle) needs to be matched to how long the tool will be in service. To avoid federal fines for over collecting, SFM is working on solutions with the State Controllers office. The existence of a depreciation imbalance may help in justifying replacements. SFM needs to demonstrate they are doing something to bring this issue into compliance. CSP is exempted from the one-year additional term.

The problem will be replacing the vehicle if it miles out before the loan is paid. SFM is looking at adjusting the replacement criteria. Going forward SFM will adjust depreciation schedules to be based on the anticipated useful life of the vehicle. Term extension will affect vehicles for FY05 and likely FY06 after that we don't know.

## **Operations**

- Call Center – Sonny Otero, the Shift Shop is a transmission shop they are offering a free tow within 100 miles of the shop, 80<sup>th</sup> & Chase in Arvada.

The CARS system has a bug in the PM alert section. SFM is not getting a PM alert in certain instances. Fix is in the next release.

- Follow Up – The Fleet web site is not up yet. Larry received a link from IT to test the site. The web site will hopefully be live for the next billing cycle.

Amoco Transmission is opening up to light duty maintenance.

SFM would like MVAC input on vehicles being towed if they run out of gas or have a flat and get towed instead of changing the tire. How would the VC's like to handle this? Do they want Fleet to charge the person, agency or cost center? It was suggested and agreed that SFM should call the vehicle coordinator and let them know what's happened so the VC can research and provide guidance to SFM on how to handle each specific event. Another issue is if the person is capable of changing a tire. If there is an emergency do what needs to be done and notify Fleet after the fact.

Renee Covard, SFM is asking agencies to get with their accounting people to update billing codes or changes and get them to her.

The State cannot sublet vehicles to other entities.

If anyone received a Notice of Exemption from Wright Express, please ignore it.

SFM is asking for everyone's help when turning in vehicles. SFM is down one position, Robert Gramadzki is no longer available to remove decals, radios, light bars etc. Please follow the turn-in requirements. If items need to be removed from the vehicle after turn-in Fleet will have to send it out for decommissioning and direct bill the agency for that work.

Several agencies received information on Hybrids from the Department of Health. SFM did not participate in this analysis other than to provide the winning bid price for the vehicles. Hybrids need to be made part of the bidding process since they need to be spec'd out separately. Agencies will need to budget for additional lease costs for a hybrid if they know they would like to purchase one.

DOH will do a presentation on Hybrids.

There will be a hearing to discontinue emission testing in outlying areas in February 2005. It is possible the emission testing will be discontinued in the Denver Metro Area by December 2006 per DOH.

## **Presentation**

TREX – David Wieder CDOT

The meeting was adjourned at 11:30 am.

The next meeting will be March 9, 2005, 9:00 am at the Division of Wildlife, 6060 Broadway, Big Horn Room.